Research Proposal of the Thesis Entitled

Financial Planning and Preparedness of Personnel of Indian Army and Indian Navy

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by

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Financial planning and preparedness of personnel of Indian Army and Indian Navy

1. Introduction:

Financial planning involves analysing person's financial situation and developing a personalised financial strategy to reach person's goals. In financial planning, investing, taxes, savings, retirement, estate planning, insurance and other financial topics are frequently covered. Making a strategy for the future, particularly how one can will handle money and get ready for any expenses or problems that may come along, is known as financial planning. The procedure involves reviewing your existing financial status, establishing objectives, and creating and carrying out relevant suggestions.

Asset management is not the same as financial planning. Generally speaking, asset management is the process of overseeing customer investments. A client's choice of stocks, bonds, mutual funds, and other assets is part of this. Financial planning, however, can be provided by the same experts that provide asset management services. An example of a financial advisor is a financial planner. Certified financial planner is the most prestigious qualification available to advisors that specialize in financial planning.

There are different types of financial planning:

1. Tax planning
2. Estate planning
3. Retirement planning
4. Education funding planning
5. Investment planning
6. Budgeting

The financial planning process can be used to identify one's present financial status, future financial objectives, and the steps required to achieve those objectives. Financial planning

provides direction and a goal for financial decision-making. It makes it possible to understand how one's financial choices affect other facets of their financial circumstances. Individual differences in behaviour while investing lead to a wide range of investment preferences. People engage in various financial instruments with the hope of earning large returns overtime and assuming varying degrees of risk. These days, there are many different investment options available to people. After carefully examining the market and considering their own requirements and circumstances, each individual must select one.

One crucial component of achieving financial stability is being financially prepared, particularly when there are unforeseen risks. Retirement and old age are frequently discussed in studies on financial readiness. Still, new research had surfaced on financial readiness based on unforeseen events and health. Everyone needs to organize their finances, regardless of age or stage of life. Everyone would benefit from beginning money management earlier. when we are unsure of what we actually need, we frequently overspend. We continue to spend money to satisfy all of our needs, but we lose track of how much we have spent. When you first start out, you can always plan for your future financial goals, which will allow you to reach them whenever you would like. This will enable you to manage your portfolio over a longer time horizon and spread out your investments.

Over 80% of the nation's active defense personnel are volunteers in the army. The Indian army exists only to safeguard the country's security by defending it against potential foreign aggression. Total population of Indian army is **12,37,117**. All of them are members of the Indian military. The Ministry of Defence's Integrated Defence Headquarters in New Delhi serves as their Headquarters. Their Motto(s) is **"Seva Paramo Dharmah."**

India's maritime territorial integrity and other maritime interests are protected by the multifaceted Indian navy. Safeguarding the country's maritime borders is the navy's main goal.

It collaborates with other union military forces to stop or defeat threats or aggression against India's people, territory, or marine interests during both peace and conflict. Total population of Indian navy is **64000.** They are all members of the Indian military. The Ministry of Defence's Integrated Defence Headquarters in new Delhi serves as their headquarters. Their Motto(s) is **"Sham No Varunah".**

The Indian army and Indian Navy are two distinct branches of the Indian defence forces, each with its own unique roles, responsibilities and operational domains. While the army focuses on land-based operations, the navy secures the nation's maritime interests. So, this study conducted to know about financial planning and preparedness of an Indian army and Indian navy both. Because they planned for their family but is there any financial planning for them? From this also come to know about level of financial awareness in army and navy.

2. Review of Literature:

Millen, A., & Stacey A. (2022) evaluated that healthcare professionals have a comparatively higher level of general financial awareness than the South African community as a whole, which may be related to this cohort's higher educational attainment. The purpose of this study is to evaluate the financial literacy of healthcare practitioners. The corresponding professional bodies for South African healthcare professionals distributed an online survey for this study via email or private social media groups**. Azeez & Akhtar (2021)** examined that the digital financial literacy of respondents in the rural parts of Aligarh district is positively correlated and shown to be statistically significant with factors such as income and education levels, occupations, gender, landholding and kind of ration card. This research attempts to evaluate the elements that affect digital financial literacy. Primary data were gathered using survey schedules, expert telephone interviews, and other stakeholder participation methods. **Andarsari & Ningtyas (2019)** founded that Malang municipality's female entrepreneurs possess ''good enough''

financial literacy. The results of the influence test also reflect that financial literacy has a beneficial effect on financial behaviour. An individual's financial behaviour would be better and smarter the more financially literate they are. Having financial literacy or understanding is essential for everyday decision-making, whether or not one manages a firm. Investigating the relationship between financial literacy and the financial decisions made by women entrepreneurs in Malang is the aim of this study. A questionnaire was used to gather data.

Arora (2016) indicate that women's general knowledge of financial planning tools and strategies is still lacking in the twenty-first century. When comparing financial behaviour and attitude to financial knowledge scores, the results indicate that women have performed better than man. On the financial literacy scale, single women also perform better than married women. This study's primary goal is to evaluate working Indian women's financial literacy. Information gathered via questionnaires. **Rajani et al. (2023)** analysed that poor financial literacy among orthopaedic resident physicians is tied to very little financial education. Institutional learning in the same manner over the course of their formative years as professionals decades. Assessing the financial literacy of orthopaedic resident physicians is the goal of this study. Resident doctors were analyzed cross-sectionally with the use of questionnaire**. Kumar Oli & Kumar Oli Scholar (2020)** revealed that how one's attitude toward personal financial planning and degree of financial awareness affect one's own financial planning. The results also indicate that demographic characteristics are somewhat but not significantly influenced by age, gender, marital status, occupation, and educational attainment. The goal is to ascertain how financial literacy affects individual financial planning in Nepal. The primary data used collected via questionnaire.

Oliveira Tavares et al. (2019) observed that the majority of the sample's higher education students own these kinds of accounts, their knowledge of money is limited, and they lack discipline when it comes to maintaining their accounts in the proper order. Finding out how

financially literate university students are is the aim of the study. The study was carried out using questionnaires and surveys given to students enrolled in various courses**.**

Vyas & Luhar (2022) shown that a relationship between people's investment activity and financial planning. The study aims to determine how salaried people save and investigate their investment preferences with regard to different financial vehicles. To get the necessary data from the participants, a questionnaire was created. Chennai served as the source of the sample**. Lantara & Kartini (2016)** examined that in comparison to earlier studies, financial literacy levels in Indonesia are typically lower. Empirical research, like that of the US and Australia. The purpose of this study is to look into how students' demographic characteristics and their degree of financial literacy are related. Data were collected through questionnaire. **Mahapatra et al. (2017)** evaluated that the education and occupation of parents has a big impact on how Indian youth save and borrow money. The study also shown that Indian youth's understanding of saves, borrowing and investing is greatly influenced by family income. The current study investigates college students' financial literacy status using three recognized antecedents: family influence, attitude toward financial planning, and sociodemographic characteristics. The study takes into account the comments of postgraduate students from different Hyderabad- Secunderabad colleges. Students living in the Hyderabad-Secunderabad area are the targeted group**. Rutherford & Fox (2010)** concluded that 47% of the sample satisfied the liquidity ratio guideline, 28% is the combined ratio recommendation and 35% is the asset allocation ratio guideline. Assessing young individual's financial well-being was the aim of this study.

Sirisakdakul & Khornjamnong (2020) found that educational attainment and financial literacy are positively correlated. Most middle-class, lower-class individuals lack retirement planning and have moderate to low levels of basic financial literacy. The purpose of this study was to ascertain working-age individuals' comprehension of financial concepts and the connection between retirement planning and financial literacy. Data was gathered via a

Questionnaire. **Boisclair et al. (2017)** observed that 42% of participants can accurately respond to three basic questions that assess their understanding of risk diversification, inflation, and interest compounding. This study aims to assess retirement planning and financial literacy in Canada.

Richardson & Kilty (1997) analysed that notable gender disparities in a number of areas, such as pension resources, risky but profitable venturesome investments, and in actual sources. The primary objective of this study was to determine the variables that most accurately predict employees' financial preparedness for retirement by analysing gender disparities in retirement planning in connection to social standing, marital status, and work history. **Oehler et al. (2018)** examined their financial portfolios and compare these results with the evaluations of the student's own product requirements. By doing this, they are able to compare the findings across four nations with various social security systems in addition to evaluating the applied financial literacy of young adults. Research attempts to analyse financial literacy in connection to young adults' financial product portfolios rather than information acquisition. **Farrar et al. (2019)** observed that retirement planning is unaffected by financial literacy. Gender also loses its significance as an explanatory factor for planning if attitudinal and expectational variables are included as independent variables in the study. An online survey was administered. **Paluri & Mehra (2016)** concluded that the groups of Indian women according to the disparities in their financial views and product needs. Based on the dispersion study of the cluster, the most influential factors for the establishment of clusters are interest in financial problems, planning propensities, and materialistic mindsets. This study aims to identify the factors influencing Indian women's financial attitudes and then classify them based on those attitudes. **Roy et al. (2018)** evaluated that many of the working women in Jaipur, especially those who live in metropolitan areas, do not think financial concepts are significant or even aware of them. This is mostly because women are incredibly ignorant of the latest financial innovations on the

market. Improving a more comprehensive and significant understanding of the subject is the primary goal of this research. In order for the economy as a whole to profit from the growth opportunities. **Albeerdy & Gharleghi (2015)** shows that financial socialization agents and financial literacy were not found to be correlated, although there is a strong association between the independent variables of education and money attitude and the dependent variable of financial literacy. Investigating the variables impacting Malaysian university students' financial literacy is the aim of this study.

Nawi & Hussin (2021) examined that the level of financial literacy can also be influenced by non-sociodemographic variables as motivation, socialization and financial stress. Also, the results show that the majority of individuals. In addition to financial planning's moderating role, interviewees are concerned about actions that result in positive outcomes, for example, regarding their financial stability. The main objective of this research is to ascertain whether mediators or moderating factors influence the relationship between financial literacy and its effects. **Prasad & Byju (2021)** observed that just 21% of the teachers had greater financial numeracy abilities, while 23% have more advanced financial understanding. In Hyderabad, 48.5% of instructors at higher education institutions exhibit inappropriate financial behaviour. This study's primary goal is to evaluate teachers' levels of financial literacy and behaviour. **Wijewardena (2001)** evaluated that in manufacturing SMEs, financial planning and control play a significant role in determining sales performance**. Ahmer Shaikh (n.d.)** analysed that the majority of respondents favour a regular return plan for their upcoming investments, perhaps because their primary goal is to consistently increase their money while still receiving a healthy return. The study also attempts to evaluate the amount of tax savings obtained by employing the most suitable and popular tax-saving technology. **Agarwal et al. (2015)** found that based on their responses to questions about interest rates, inflation and risk/diversification, the great majority of respondents seem to be financially literate**. Sabri et al. (2020)** concluded

that Malaysian working women have sound money management habits, as seen by their aptitude for saving and investing extra cash and their capacity to handle it sensibly in order to reach greater FWB levels. This study's primary goal is to ascertain how Malaysian working women in the public sector handle their finances, save, invest, and generally manage their finances. **Singh & Kumar (2017)** examined that women have very poor financial literacy. People can learn what it takes to have a responsible, ethical, sustainable, and balanced lifestyle. It has a strong connection to the general well-being of society as well as that of individuals. An overview of women's financial literacy in developing countries like India was the goal of this study.

3. Research Gap:

The literature review indicates that there are several researches on financial planning from different perspective, which includes home financial planning, banker financial planning, teacher financial planning, professional financial planning, orthopaedic doctor financial planning. However, none of literature contains research on financial planning and related aspect of soldiers of Indian army and navy. There are foreign literatures which contains such studies; however, they all belongs to soldiers who works for other country and research was conducted outside India. Further, the literature review indicates that, in India research in the area of financial planning was conducted for soldiers working for Indian Air Force. There is no research on financial planning related aspect for soldiers of Indian Army and Indian Navy. For any financial planning literature primary data is foundation and the same is used for further investigations. The questions asked to collect primary data for this research will be different as compared to other financial review literature as soldiers of Indian Army and Indian Navy have uncertain lives and their concerns for their family members are different as compared to normal citizens.

4. Research Questions:

There are three research questions given as below:

1. For Army and Navy personnel whether their income is sufficient? Are they happy with the income?
2. For post-retirement planning, whether they will be comfortable with whatever income they are getting and whatever the pension will be enough so they don't need any financial planning? Or if it will not enough, then what should the financial planning for them to make them future secure?
3. In case of an unfortunate event during service period, is there any financial support provided from government to the dependents? Do they have any additional financial planning for the dependents in such scenarios?

The above listed questions are three main research questions which will be answered at the end of thesis. It is important to note that soldiers of Indian Navy and Indian Army used to do financial planning for themselves and if they failed to do so their family members get distressed. Government used to provides financial and non-financial support to the family members of soldiers; however the quantum of support may or may not be sufficient for the remaining family members to survive and thus soldiers must have to do financial planning.

5. Need and Significance of Study:

The outcome of this research will be useful for government as government will come to know whether present policies of government are at par with the expectations of soldiers? Are they satisfied with present policies? If not, government can think for suitable policy reforms based on outcome of this research. Policy makers can use this study while drafting future polices.

This study can also be used by financial consultants or advisors as they will come to know about financial conditions, investment preference of person working with Indian Army and Navy. Thus, beneficials of this study includes government, policy makers and financial consultant.

6. Research Objectives

- To compare financial planning done by army and navy personnel.
- To check the awareness about financial planning.
- To analyse the priorities of financial planning according to demographic factors of army and navy personnel.
- To examine how financial planning affects army and navy personnel's investment priorities.

7. Hypothesis:

H0: There is no significant difference between financial planning of army and navy personnel.

H1: There is significant difference between financial planning of army and navy personnel.

H0: There is no significant difference between demographic factors and financial planning of army personnel.

H1: There is significant difference between demographic factors and financial planning of army personnel.

H0: There is no any significant difference between demographic factors and financial planning of navy personnel.

H1: There is significant difference between demographic factors and financial planning of navy personnel.

H0: There is no any effect of financial planning on investment priorities among army and navy personnel.

H1: There is effect of financial planning on investment priorities among army and navy personnel.

8. Research Methodology

The target population of this study are present and retired soldiers of Indian Army and Indian Navy. The study is designed using descriptive research methodologies. The key data for the study will be gathered via structured questionnaire. There are 305 military and naval persons in the sample. In addition to demographic information; survey respondents will be asked about their investments in mutual funds, life insurance policies, fixed deposits, recurring deposits, and market investments. Social science statistical software (SPSSv24) will be used for the analysis. To determine the statistical significance, the T-test, Anova and Chi-square test will be used. A statistical tool for comparing actual results to predictions is the Chi-square test. One statistical technique for determining if there is a significant difference between the means of two or more groups is an Anova. In order to ascertain whether a specific therapy or intervention has a significant impact on a particular outcome, researchers frequently utilize this effective method for comparing the means of several groups. Comparing the means of two samples is done statistically using a t-test. With a null hypothesis that the group mean difference is zero and an alternate hypothesis that the group mean difference is not zero, it is utilized in hypothesis testing. Convenience sampling method will be used for this study. Because data collection from army and navy personnel is confidential. So, this sampling method is easy.

9. Visible Research Outcomes:

1. Assessing Army and Navy personnels' financial literacy is the goal of this study.
2. Financial planning and demographic aspects will be analysed in this study.

3. Financial planning and other issues will be analysed in this study.
4. This study will determine the best investment option by army and navy personnel.
5. The study will analyse the effects of financial planning on different factors.

10. Scope of the study:

- Study includes army and navy personnel only. So, one can research on air forcealso.
- Most of the data conclude junior level army and navy personnel. Either one or twoof the respondents are from senior level.

11. Limitations of the study:

- Here only army and navy personnel consider.
- Army and navy personnel from India only, out of India will not consider.
- Sample size is small. So may be biasness of result take place.

12. Tentative Chapter Plan

1. Introduction:

This chapter will contain brief introduction about financial planning. Different types, instruments, measurement, pros and cons, awareness of financial planning etc. Situation of financial markets is good for investment purpose or not is important question for this analysis. I also include introduction about Indian Army and Indian Navy and How they relate with financial planning?

2. Literature Review:

Various literatures which are reviewed for my study, all will present here. Many literature take place on financial planning of different sectors like: bankers, households, teachers, professionals, IT employees etc. which all are analysed by different factors like gender, age, marital status, income etc. which shows what are the effect of financial

planning on different factors among different people. But no any study take place on financial planning of Indian Army and Indian Navy.

3. Research Methodology:

Need of the study, scope of study, method of data collection, type of research, nature of the study, type of questions, sample size of army and navy personnel, sampling tools and techniques will be mentioned.

4. Data analysis:

Analysis and interpretation of data through SPSS will be presented by graphs and pie-charts.

5. Conclusion:

What are the results? If results are positive or negative? If negative then I will give limitation of the study. Every study has some limitations. Similarly, our research also has limitations.

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